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No. 07-

IN THE

Supreme Court of the United States

STRYKER CORPORATION, STRYKER SALES CORPORATION, STRYKER ORTHOPAEDICS and HOWMEDICA OSTEONICS CORPORATION,

Petitioners,

v.

ACUMED LLC,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Whether the public notice function of patents is vitiated by the Federal Circuit's panel-specific, unpredictable practice of choosing between two irreconcilable claim construction methodologies whereby patent claims are either (1) construed in accordance with the broadest available dictionary definition not expressly disavowed by the patent specification or (2) construed to have a scope commensurate with the embodiments disclosed in the specification where no other indications of breadth are affirmatively disclosed or taught in the specification.

2. Whether this case satisfies the requirements for an order of grant of certiorari, vacation of judgment, and remand to the Federal Circuit on the issue of willfulness, in view of the Federal Circuit's abolition of the 24 year old standard of due care for willfulness in *In re Seagate Technology, LLC*, Misc. Docket No. 830, __ F.3d __, 2007 U.S. App. LEXIS 19768 (Fed. Cir. August 20, 2007) (*en banc*), wherein the present case was deemed close on the merits by both the district court and the Federal Circuit, and thus cannot meet the new "objectively reckless" willfulness standard.

CORPORATE DISCLOSURE STATEMENT

The caption contains the names of all of the parties to the proceeding below.

Pursuant to this Court's Rule 29.6, undersigned counsel state that Petitioner Stryker Corporation is the parent company of Petitioners Stryker Sales Corporation, Stryker Orthopaedics and Howmedica Osteonics Corporation. No publicly held company owns 10% or more of any of the Stryker Petitioners' stock.

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OPINIONS BELOW

Petitioner Stryker Corporation ("Stryker") respectfully submits this petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit, reported at 483 F.3d 800 (Fed. Cir. 2007). App., *infra*, at 1a – 36a. The order denying Stryker's Petition For Rehearing and Rehearing En Banc is unreported. *Id.* at 37a. The judgment of the United States District Court for the District of Oregon is also unreported. *Id.* at 41a - 42a.

JURISDICTIONAL STATEMENT

The District Court had jurisdiction over Respondent's claims pursuant to 28 U.S.C. §1338(a). The Federal Circuit had jurisdiction to hear Stryker's appeal under 28 U.S.C. §1295(a)(1), and filed its opinion on April 12, 2007. Stryker's timely Petition for Rehearing and Rehearing En Banc was denied on June 5, 2007. This Court has jurisdiction pursuant to 28 U.S.C. §1254(1).

STATUTORY PROVISION INVOLVED

This case involves the interpretation of 35 U.S.C. §112, pertinent portions of which are set forth at App. 83a-84a.

STATEMENT OF THE CASE

I. OVERVIEW OF THE CASE

The Constitution vests in Congress the authority "to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. CONSTITUTION, art. I, §8, cl. 8. App. 85a. Congress thus enacted patent laws that grant patentees a limited monopoly consisting of the exclusive right to make, use, sell, offer to sell, or import the patented invention, 35 U.S.C. §271 (2007), in exchange for a full, clear, and concise public disclosure of the invention. 35 U.S.C. §112 (2007). It is fundamental to our patent system that the public be able to ascertain the extent of patent monopolies with reasonable certainty. *Hogg v. Emerson*, 47 U.S.

437, 484 (1848) (explaining that patents must be sufficiently clear "so that the public, while the term continues, may be able to understand what the patent is, and refrain from its use, unless licensed.") (citations omitted).

This case raises a question of exceptional importance regarding how the proper scope of patent claims can be ascertained. Over the past several years, amid heightened fear of importing limitations from the specification into the claims, the dictionary has emerged as a popular tool for claim construction. *E.g. Texas Digital Sys., Inc. v. Telegenix, Inc.*, 308 F.3d 1193, 1205 (Fed. Cir. 2002); *Gemstar-TV Guide Int'l, Inc. v. Int'l Trade Comm'n*, 383 F.3d 1352, 1371-1372 (Fed. Cir. 2004); *Free Motion Fitness, Inc. v. Cybex Int'l, Inc.*, 423 F.3d 1343, 1349, 1354 (Fed. Cir. 2005). Under the dictionary methodology, the broadest available dictionary definition is presumed to be the "ordinary meaning" of the claim term, untouched by the patent specification. *Texas Digital*, 308 F.3d at 1205. The patent specification serves only as a check to determine whether any claim scope has been expressly disavowed by the patentee. *Id.*

The widespread construction of claim terms in accordance with their dictionary definitions, often camouflaged by the Federal Circuit as the "ordinary meaning" or "plain meaning" of a claim term, has wreaked havoc on the public notice function of patents by rewarding patentees with claim scope far broader than what the written description and claims show to be the actual invention. The patent bar and the judiciary have engaged in fierce debate concerning whether claims should be construed by first reviewing the patent specification to determine the meaning of the claim term in the context of the patent specification, or whether - as the decision below holds - claims should be construed by first considering the dictionary definition or "ordinary meaning" of the disputed claim term and reviewing the specification only to determine whether claim scope has been clearly disavowed. *E.g.*, Gretchen Ann Bender, *Uncertainty and Unpredictability in Patent Litigation: the Time is Ripe for*

a Consistent Claim Construction Methodology, 8 J. INTELL. PROP. L. 175, 175 (2001) ("Unfortunately, the field of patent infringement litigation currently lacks the certainty necessary to efficiently litigate (and resolve) cases."); Russell B. Hill, et. al., *Ending the Federal Circuit CrapShoot: Emphasizing Plain Meaning in Patent Claim Interpretation*, 42 I.D.E.A. 1, 1 (2002) ("The tension between these camps [of judges on the Federal Circuit], which is driven by competing canons of claim construction, results in uncertainty for litigants and wasted judicial resources."); R. Polk Wagner, et. al., *Is the Federal Circuit Succeeding? An Empirical Assessment of Judicial Performance*, 152 U. PA. L. REV. 1105, 1176 (2004) (finding "that there exists a distinct (and enduring) split in the methodological approach to claim construction at the Federal Circuit."). Prior to her appointment to the Federal Circuit, then-Professor Kimberly A. Moore observed:

> With judicial claim construction now nearing its adolescence...there should be more predictability. The reversal rate should be going down, not up. The fault, at this point, undoubtedly lies with the Federal Circuit itself. The court is not providing sufficient guidance on claim construction. There have not evolved any clear canons of claim construction to aid district court judges, and in fact the Federal Circuit judges seem to disagree among themselves regarding the tools available for claim construction.

Markman Eight Years Later: Is Claim Construction More Predictable?, 9 LEWIS & CLARK L. REV. 231, 246-47 (2005).[1]

Although this Court has not formally considered the issue of whether a dictionary definition should trump the meaning ascertained from the teachings of the patent specification, this Court's precedent reveals that claims have historically been construed in the context of the patent specification. *E.g.*, *Brooks*

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[1] Judge Moore later provided the dissenting opinion in the present case.

v. Fiske, 56 U.S. 212, 215 (1854) ("The claim, or summing up, however, is not to be taken alone, but in connection with the specification and drawings; the whole instrument is to be construed together."); *Am. Fruit Growers, Inc. v. Brogdex Co.*, 283 U.S. 1, 6 (1931) ("The claim of a patent must always be explained by and read in connection with the specification.") (*quoting Carnegie Steel Co.* v. *Cambria Iron Co.*, 185 U.S. 403, 432 (1902)); *United States v. Adams*, 383 U.S. 39, 49 (1966) ("[I]t is fundamental that claims are to be construed in the light of the specifications and both are to be read with a view to ascertaining the invention.") (citations omitted).

Despite this Court's historical preference for using the patent specification as the primary tool for construing claims, various panels of the Federal Circuit have gradually but unmistakably diminished the primacy of the patentee's own written description as a claim construction tool in favor of out-of-context, abstract dictionary definitions. As a result, two distinct, conflicting claim construction methodologies have emerged, leading to widespread uncertainty as to the proper interpretation of patent claims. Despite efforts by Congress and the Judiciary to increase certainty with respect to assessing the scope of patent claims, confusion over diverging claim construction precedent has reached a critical level that requires intervention by this Court.

In 1982, conflicting precedents of regional circuits on patent law issues led Congress to pass the Federal Courts Improvement Act. That Act established the Federal Circuit and consolidated appeals from patent cases in that court with the intention of decreasing such uncertainty. *Aerojet-General Corp. v. Machine Tool Works*, 895 F.2d 736, 744 n.7 (Fed. Cir. 1990) ("[T]he central purpose [in creating the Federal Circuit] is to reduce the widespread lack of uniformity and uncertainty of legal doctrine that existed in the administration of patent law.") (*quoting* H.R. REP. No. 312, 97th Cong., 1st Sess. 41 (1981)).

After the Federal Circuit was established, in an effort to further promote uniformity, this Court held that the interpretation

of patent claims was a matter of law for the judge to decide. *Markman v. Westview Instr., Inc.*, 517 U.S. 370, 372 (1996). Judges, as compared to juries, the Court explained, are better equipped to interpret patent claims, and the important statutory policies of uniformity and certainty would be ill served by having juries construe documents. *Id.* at 388-391. Inherent in *Markman* was the assumption that district courts and, indeed, the Federal Circuit, would be guided by consistent claim construction methodologies that would further the policies of uniformity and certainty. This Court even referenced a "standard construction rule that a term can be defined only in a way that comports with the instrument as a whole." *Id.* at 389 (citations omitted).

Unfortunately, far from any sort of "standard construction rule," the Federal Circuit has developed competing, irreconcilable methodologies to support whatever claim construction a given Federal Circuit panel seeks to justify. On the one hand, when favoring a broader claim construction, the Federal Circuit cautions that "limitations from the specification should not be imported into the claims," and that claims are not limited to the disclosed embodiments. *Comark Communs. Inc. v. Harris Corp.*, 156 F.3d 1182, 1186-87 (1998); *Gemstar*, 383 F.3d at 1372.

In *Texas Digital*, the Federal Circuit established a presumption in favor of the dictionary definition of a claim term, recommending that relevant dictionaries be examined first in construing a claim. The presumed meaning according to the dictionary definition could only be overcome where the patentee set forth an explicit definition of the claim term different than its ordinary meaning, or where the inventor clearly disavowed claim scope. *Texas Digital*, 308 F.3d at 1204. The *Texas Digital* court cautioned that consulting the intrinsic evidence as a threshold step in claim construction "invites a violation of our precedent counseling against importing limitations into the claims." *Id.* (citations omitted).

On the other hand, when favoring a narrower claim construction, the Federal Circuit implores that "claims should

be construed in light of the specification, of which they are a part," and that patentees should not be permitted to claim beyond the disclosed invention. *See, e.g., Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1582-83 (Fed. Cir. 1996). Under this approach, the Federal Circuit instructed district courts that "in interpreting an asserted claim, the court should look first to the intrinsic evidence of record, *i.e.*, the patent itself, including the claims, the specification and, if in evidence, the prosecution history." *Id.* at 1582 (citation omitted). In fact, the *Vitronics* court stated that "[u]sually [the specification] is dispositive; it is the single best guide to the meaning of a disputed term." *Id.*

Of course, the *Texas Digital* and *Vitronics* methodologies are mutually exclusive because only one type of evidence can be referenced first. While the sequence of reviewing evidence may seem insignificant, a court's choice of methodologies is often dispositive of a patent case. This is particularly so in the common scenario exemplified in the present case where a specification uses a term in a narrower sense than the broadest available dictionary definition.

Starting the claim interpretation analysis with the dictionary rather than starting with the intrinsic evidence leads to different presumptions regarding the specification. If the dictionary meaning is broad and is considered first, the specification is used solely to determine whether the patentee "clearly disavowed" any claim scope, or where the patentee "clearly set forth an explicit definition of the term different than its ordinary meaning." Language from the specification that is anything less than an express definition generally is not read into the claim for fear of importing limitations from the specification into the claim. If the specification is silent as to the broader definition, the broader dictionary definition controls. *See, e.g., Rexnord Corp. v. Laitram Corp.*, 274 F.3d 1336, 1342 (Fed. Cir. 2001); *Gemstar*, 383 F.3d at 1371-1372; *Free Motion Fitness*, 423 F.3d at 1349. This methodology assumes that a patentee's failure to discuss or disclose an embodiment means that the patentee

intended to include that embodiment, even though it is equally likely that the patentee simply never contemplated that embodiment. *See Housey Pharms., Inc. v. Astrazeneca UK Ltd.*, 366 F.3d 1348, 1357-58 (Fed. Cir. 2004) ("Claims to an invention that is not described in the specification are an anachronism. . . . The claims are part of the specification; their role is to point out what is covered by the patent, not to broaden the text.") (Newman, J., dissenting, citation omitted).

By starting its interpretive analysis with the intrinsic evidence, however, the court will be more likely to understand the meaning of the claim term in the context of the specification and will recognize whether a later-reviewed dictionary definition encompasses more than what the patentee contemplated to be part of the invention. *See, e.g., Nystrom v. Trex Co.*, 424 F.3d 1136, 1145 (Fed. Cir. 2005) ("[I]t is improper to read the term to encompass a broader definition [than meaning revealed by the context of the intrinsic record] simply because it may be found in a dictionary, treatise, or other extrinsic source.") (citations omitted). *Cf. nCube Corp. v. Seachange Int'l, Inc.*, 436 F.3d 1317, 1326, 1328 (Fed. Cir. 2006) ("The majority has broadened a poorly drafted patent to cover an invention that was not actually claimed or described in the specification" by affirming a claim construction that is not disclosed or suggested in the patent) (Dyk, J., dissenting). This is consistent with the statutory requirement that the patentee clearly and concisely describe his invention in the specification and "particularly point[] out and distinctly claim[] the subject matter which the applicant regards as his invention." 35 U.S.C. §112 ¶2 (2007).

In *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (*en banc*), the Federal Circuit acknowledged the split in its precedent and purported to resolve the conflict by reaffirming the approach of *Vitronics* while rejecting the presumption of dictionary-based ordinary meaning identified in *Texas Digital. Phillips*, 415 F.3d at 1319-21. In particular, the Federal Circuit reaffirmed the primacy of the specification in construing claims and emphatically stated that "it is therefore entirely appropriate

for a court when conducting claim construction to rely heavily on the written description for guidance as to the ordinary meaning of the claims." *Id.* at 1317. The *Phillips* court recognized that "if the district court starts with the broad dictionary definition in every case and fails to fully appreciate how the specification implicitly limits that definition, the error will systematically cause the construction of the claim to be unduly expansive." *Id.* at 1321. Despite its many proclamations, *Phillips* did not resolve the issue presented in this case. To the contrary, *Phillips* both disparaged and praised dictionaries as a source of ordinary meaning for claim terms, and expressly permitted their use at any time during claim construction. *Id.* at 1324.

On the one hand, the Federal Circuit observed that "[t]he main problem with elevating the dictionary to such prominence is that it focuses the inquiry on the abstract meaning of words rather than on the meaning of claim terms within the context of the patent." *Id.* at 1321. On the other hand, the Federal Circuit stated that "we do not intend to preclude the appropriate use of dictionaries . . . A dictionary definition has the value of being an unbiased source accessible to the public in advance of litigation." *Id.* at 1322 (citation omitted). The *Phillips* court further noted that

> there is no magic formula or catechism for conducting claim construction. Nor is the court barred from considering any particular sources or required to analyze sources in any specific sequence, as long as those sources are not used to contradict claim meaning that is unambiguous in light of the intrinsic evidence.

Id. As forecasted by Federal Circuit Judge Mayer, this opened the door for continued confusion and uncertainty regarding the appropriate use of dictionaries and the specification in claim construction:

> Again today we vainly attempt to establish standards by which this court will interpret claims. But after

> proposing no fewer than seven questions, receiving more than thirty amici curiae briefs, and whipping the bar into a frenzy of expectation, we say nothing new, but merely restate what has become the practice over the last ten years – that we will decide cases according to whatever mode or method results in the outcome we desire, or at least allows us a seemingly plausible way out of the case.

Id. at 1330 (Mayer, J., dissenting). *See also* David J. Wolfsohn, et. al., *Phillips v. AWH: The Federal Circuit's Missed Opportunity*, THE LEGAL INTELLIGENCER, Sept. 14, 2005, at 8 ("If courts and litigants must continue to rely on generic recitations of the same 'well-settled' construction principles, while guidance on thornier interpretative questions is avoided, there is little reason to hope that the ad hoc and inconsistent nature of claim construction will be ameliorated any time soon."); R. HARMON, PATENTS AND THE FEDERAL CIRCUIT §6.2, p. 51 (7th ed., 2006 Supp.) (*Phillips* "provides precious little by way of guidance for practitioners and decision makers").

The mixed message of *Phillips* has resulted in a continuation of the Federal Circuit split over claim construction methodology. *See* David Sanker, *Phillips v. AWH Corp.: No Miracles in Claim Construction*, 21 BERKELEY TECH L.J. 101, 121 (2006) ("[A]s a case expected to clarify claim construction methodology, Phillips missed the mark."); Michael Saunders, *A Survey of Post-Phillips Claim Construction Cases*, 22 BERKELEY TECH L.J. 215, 237 (2007) ("a substantial number of litigants will face great uncertainty in the methodology of claim construction that the court will employ, as claim construction decisions will still frequently rely on dictionaries, and often in the more obtuse form of 'ordinary meaning.'"); Stephanie Ann Yonker, *Post-Phillips Claim Construction: Questions Unresolved*, 47 I.D.E.A. 301, 327 (2007) ("There is an insufficient framework articulated by the Federal Circuit [in *Phillips*] to guide the determination of claim term meaning or the scope of patent exclusivity."); Crissa A. Seymour Cook, *Phillips v. AWH Corp. and the*

Continuing Ambiguity of Patent Claim Construction Principles, 55 KAN. L. REV. 225, 226 (2006) ("the Federal Circuit's Phillips opinion failed to reconcile its intracircuit split, and...the en banc court blurred the lines between two competing claim construction authorities without providing any firm guidance to the district courts on how a judge should approach claim construction.").

Since *Phillips*, individual panels of the Federal Circuit continue to disagree on the proper claim construction methodology, particularly with respect to the significance of the "ordinary meaning(s)" set forth in dictionaries. *Compare, e.g., Nystrom*, 424 F.3d at 1145 *with Free Motion Fitness*, 423 F.3d at 1349, 1354 *and* App. 12a-17a. *See also* Hill, et. al., *supra*, at 15-22 (noting "Panel-Specific Federal Circuit Inconsistencies."). One study even reported that after *Phillips*, there have been more dissenting opinions on claim construction than ever before in the history of the Federal Circuit. Hal C. Wegner, *The Non-Precedential Claim Construction Black Hole* 15 ("A current study shows that roughly fifty-five (55) percent of trial court decisions involving claim constructions contested on appeal involve a *de novo*, different interpretation by the Federal Circuit.") (unpublished manuscript, available at http://www.patent hawk.com/blog_docs/ 060814_BlackHoleClaimConstruction_Wegner.pdf.). Reversal rates tied to claim construction remain at an all time high. Saunders, *supra*, at 236 (observing that "*Phillips* has not reduced reversal rates" and that "the overall reversal rate in claim construction cases, excluding summary affirmances, is 53.5%, slightly up from 47.3% [from a previous study].").

Panels also disagree on the meaning of *Phillips* itself. In the present case, both the majority and the dissent cited to *Phillips* for support of contrary positions. *Compare, e.g.*, App. 12a ("[A]lthough the specification often describes very specific embodiments of the invention, we have repeatedly warned against confining the claims to those embodiments.") (citing *Phillips*, 415 F.3d at 1323) *with* App. 25a ("In accordance with

Phillips, the interpretive inquiry should begin not with a dictionary definition, but with the patent itself, to ascertain what an ordinarily skilled artisan reading the patent would understand the claim term to mean.") (Moore, J., dissenting). Indeed, the Federal Circuit's dictionary analysis post-*Phillips* is being disguised under the rubric of interpreting claims in accordance with their "ordinary and customary meaning." *E.g.*, *Sorensen v. Int'l Trade Comm'n*, 427 F.3d 1375, 1378, 1380-81 (Fed. Cir. 2005); App. 33a ("What, if not the specification, is the majority using to determine the plain meaning of this term? The district court based its conclusion regarding the plain meaning of transverse on Webster's Dictionary. . . .") (Moore, J., dissenting).

While *Phillips* purported to overrule *Texas Digital*, the Federal Circuit's ambiguous language regarding the appropriate use and sequence of using dictionaries in claim construction has left the patent bar in a state of confusion. And *Texas Digital*-style, broadening claim construction analyses (disguised as "ordinary meaning" cases) continue to permeate Federal Circuit jurisprudence. This Court's intervention is necessary.

II. BACKGROUND OF THE CASE

A. The Technology at Issue

This case involves intramedullary nails used to treat proximal humeral fractures. Intramedullary nails are orthopedic implants that are inserted into the medullary canal of a fractured bone to immobilize the fracture. Bone screws are used to secure bone fragments to the implant and to prevent rotation of the nail.

The humerus is the bone located between the shoulder and the elbow joint. Proximal humeral fractures are often found in patients who have fallen on their arms. In the most common form of proximal humeral fracture, the shoulder ball breaks off from the longer part of the bone, sometimes itself breaking into 2 or 3 pieces. The holes through the implant for receiving bone screws are pre-drilled at specific locations along the length and circumference of the implant.

B. The '444 Patent

The patent-in-suit, U.S. Patent No. 5,472,444 ("the '444 patent"), addresses a specific type of intramedullary nail for proximal humeral fractures. The '444 patent describes "an elongated tapered nail or rod with a curved tapered shank that may be secured within a proximal portion of the humeral shaft, with a contiguous butt portion of the nail extending proximally from the shank to provide a solid foundation to which the humeral head fragments may be secured. The butt portion has transverse holes oriented at selected angles to receive fasteners attached to the fragments." Only one preferred embodiment is described in the '444 patent.

C. The District Court Action

Claim construction, and ultimately liability, turned on the construction of the claim term "transverse holes," a limitation appearing in every asserted claim. Under Stryker's proposed construction of "transverse holes" to mean "perpendicular holes," there could be no infringement as a matter of law because the accused products featured angled, non-perpendicular holes. Acumed construed "transverse holes" to simply mean "holes across the nail," arguing that "transverse holes" refer to all holes across the nail, including perpendicular and non-perpendicular holes.

The district court construed the disputed claim terms on October 7, 2004, at a time when claim construction using dictionary definitions was the norm, in accordance with *Texas Digital*. The District Court relied on MERRIAM-WEBSTER'S COLLEGIATE DICTIONARY, 11th Edition (2003) in construing the disputed claim terms.

According to that dictionary, there are two generally understood "ordinary meanings" of "transverse": "acting, lying or being across: set crosswise" or "made at right angles to the

anterior-posterior axis of the body."[2] It was undisputed that all of the drawings and descriptions of the "transverse holes" in the '444 patent were directed to holes at right angles to the longitudinal axis of the nail, *i.e.*, "perpendicular holes." Similarly, there was no evidence that the patentee even contemplated non-perpendicular holes, which were the subject of Stryker's own recently issued patent, U.S. Patent No. 7,247,156. Nevertheless, the District Court construed the claim term "transverse holes" to simply mean "holes across the butt portion of the nail," reasoning that the specification did not expressly disavow that definition, and therefore the claim term "transverse" presumptively covered all definitions. App. 25a.

On July 12, 2005, the Federal Circuit decided *Phillips*. In that decision, the *en banc* court expressly rejected the "dictionary-first" claim construction approach of *Texas Digital*. Stryker filed a motion for reconsideration of the claim construction order on July 22, 2005, noting that the District Court's claim construction was based on a "dictionary-first" approach that did not adequately consider the intrinsic evidence. The motion for reconsideration was denied on August 8, 2005, with the district court citing *Phillips* for the proposition that "there is no magic formula or catechism for conducting claim construction. Nor is the court barred from considering any particular sources or required to analyze sources in any specific sequence, as long as those sources are not used to contradict claim meaning that is unambiguous in light of the intrinsic evidence." App. 46a.

A jury trial was held on September 13-20, 2005. The jury was instructed to construe the claims in accordance with the District Court's claim construction order. The jury was further instructed on the law of willful infringement based on the then-existing duty of due care standard. The jury subsequently found literal and willful infringement. App. 48a-52a. The District Court

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[2] A respected medical dictionary also defined "transverse" as "placed crosswise; situated at right angles to the long axis of a part." DORLAND'S ILLUSTRATED MEDICAL DICTIONARY 1735 (28th ed. 1994).

entered a permanent injunction against Stryker on February 24, 2006. Subsequently, the District Court enhanced damages by fifty-percent based on the finding of willfulness, but denied Acumed's motion for attorney fees based on the closeness of the case with respect to liability and willfulness. App. 53a-73a.

D. The Federal Circuit's Decision

Stryker timely appealed the entry of a permanent injunction, and moved for a stay of injunctive relief pending appeal in the Federal Circuit. On March 16, 2006, the Federal Circuit granted Stryker's motion for a stay of injunctive relief. App. 38a-40a.

On April 12, 2007, the Federal Circuit affirmed the district court in a split decision. App. 1a-36a. As revealed by the majority and dissenting opinions, the outcome of this case depends on the choice of claim construction methodologies.

The majority found that "[t]he plain meaning of Claim 1 covers more than the particular embodiment shown in the figures. While the disclosed embodiment possesses 'perpendicular' holes, the claim language covers all 'transverse' holes – a word that does not necessarily imply right angles."[3] App. 12a. As in *Texas Digital*, the majority looked to the specification for a disavowal of claim scope. App. 14a ("Nowhere in the specification or prosecution history do the patentees criticize or distinguish tilted, non-perpendicular holes."). The majority simply ignored that a "plain meaning" of "transverse holes" is "perpendicular holes," in accordance with the specification, the Dorland's Medical Dictionary, as well as one of the definitions from the district court's general dictionary. The majority chose instead to give the patentee the "full scope" of the broadest dictionary meaning with no regard to the fact

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[3] To add insult to injury, the majority noted that its "*de novo* review means that we need not decide whether the logic or subsidiary definitions used by the district court to reach the correct construction were sound. Likewise, *de novo* review makes the atmospherics of the *Markman* hearing legally irrelevant here. We review only the district court's finished product, not its process." App. 17a, n. 2.

that the specification supported only the "perpendicular" meaning.

In a blistering dissent, Judge Moore opined that, "[w]hen one properly begins this claim construction inquiry with the intrinsic evidence, rather than dictionary definitions, it is evident that the district court's construction of 'transverse holes' is in error." App. 24a. Judge Moore criticized the district court's conclusion that the claim term should be construed in accordance with the broader of two dictionary definitions because there is no express disavowal of claim scope in the specification. App. 25a. In particular, Judge Moore noted: "I see no reason why we should adopt one, broader, plain meaning of the term 'transverse' when there is another plain meaning that is completely consistent with the intrinsic evidence." App. 33a.

In addition, Judge Moore pointed out that Federal Circuit precedent counsels that where there are two plain and ordinary meanings of a term, the public notice function of the claim is best served by the narrower meaning. App. 34a-35a (*citing Athletic Alternatives, Inc. v. Prince Mfg, Inc.*, 73 F.3d 1573 (Fed. Cir. 1996)). Judge Moore further recognized that, while the majority carefully avoided using the word "dictionary" to justify its broad definition of "transverse," the majority basically resurrected *Texas Digital* by starting with a broad dictionary definition and using the specification only as a check to determine whether any clear disclaimer of scope exists. App. 25a, 33a ("This approach was specifically rejected by this court sitting en banc in *Phillips* . . . What, if not the specification, is the majority using to determine the plain meaning of this term?"). Finally, citing this Court's decision in *Smith v. Snow*, 294 U.S. 1, 14 (1935), Judge Moore noted that "[c]onstruing 'transverse' to include something other than perpendicular- in spite of the repeated, narrow usage of that term in the specification- would provide patent coverage that is broader than what the inventor actually invented and disclosed in his specification, which clearly should have been the starting point for claim construction." App. 27a.

Stryker timely requested a rehearing or a rehearing en banc. While the Federal Circuit required a response from Acumed, it ultimately declined to rehear the case. App. 37a.

REASONS FOR GRANTING THE PETITION

Stryker seeks review because: (1) determining the proper methodology for construing claims is an issue of exceptional importance to the patent system, particularly in view of the ready availability of a multiplicity of dictionaries to support a potentially endless variety of claim definitions; (2) the claim construction methodology adopted by the Federal Circuit in the present case and in numerous other cases directly conflicts with this Court's precedent; (3) while the *en banc Phillips* decision was intended to resolve the Federal Circuit's conflicting claim construction methodologies, the Federal Circuit's refusal to take a firm position has not solved the intra-circuit split of authority; and (4) at a minimum, this case meets this Court's standards for granting certiorari, vacating, and remanding the issue of willfulness because the Federal Circuit in *In re Seagate Technology, L.L.C.*, Misc. Docket No. 830, __ F.3d __, 2007 U.S. App. LEXIS 19768 (Fed. Cir. August 20, 2007) (*en banc*), overruled the decades-old, artificially low standard for proving willful infringement that was applied in this case.

I. CRAFTING A CONSISTENT APPROACH TO CLAIM CONSTRUCTION IS EXCEPTIONALLY IMPORTANT TO THE PATENT SYSTEM

"In patent law, there is no more important issue than claim construction. The fortunes of industry rise and fall on such rulings." *See* David Potashnik, *Phillips v. AWH: Changing the Name of the Game*, 39 AKRON L. REV. 863, 867 (2006). The public notice aspect of claim construction is essential to the proper functioning of our patent system. *Markman*, 517 U.S. at 373 ("It has long been understood that a patent must describe the exact scope of an invention and its manufacture to secure to the patentee all which he is entitled, and to apprise the public of what is still open to them."). This Court has long recognized

that "[t]he object of the patent law in requiring the patentee to 'particularly point out and distinctly claim the part, improvement or combination which he claims as his invention or discovery,' is not only to secure to him all to which he is entitled, but to apprise the public of what is still open to them." *McClain v. Ortmayer*, 141 U.S. 419, 424 (1891). "The claim is the measure of [the patentee's] right to relief, and while the specification may be referred to limit the claim, it can never be made available to expand it." *Id.* Indeed, "nothing can be more just and fair, both to the patentee and the public, than that the former should understand, and correctly describe, just what he has invented, and for what he claims a patent." *Merrill v. Yeomans*, 94 U.S. 568, 573-74 (1877).

As the *Phillips* court recognized, but has nevertheless ignored in subsequent decisions, "it is inevitable that the multiple dictionary definitions for a term will extend beyond the construction of the patent [that] is confirmed by the avowed understanding of the patentee. . . . Thus, the use of the dictionary may extend patent protection beyond what should properly be afforded by the inventor's patent." *Phillips*, 415 F.3d at 1321-22. Despite the recognition of many problems with dictionary-based claim constructions, the *en banc Phillips* Court held that judges may "rely on dictionary definitions when construing claim terms, so long as the dictionary definition does not contradict any definition found in or ascertained by a reading of the patent documents." *Id.* at 1322-23 (*quoting Vitronics*, 90 F.3d at 1584, n. 6). In application, this rule has lead to the absurd proposition that a patentee is entitled to a claim scope commensurate with the meaning of a claim term in a dictionary, even if a different but non-contradictory meaning is "ascertained by a reading of the patent documents." Under this analysis, patentees are effectively rewarded for setting forth narrow or ambiguous patent disclosures with broad patent scope.[4] This

[4] As a result, patentees have an incentive to draft specifications narrowly and ambiguously. *See* Kelley Casey Mullally, *Patent*

(Cont'd)

contradicts the *quid pro quo* that forms the basis of the patent system, which requires patentees to fully disclose invention in exchange for a limited monopoly. *See Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 255 (1945) ("the means adopted by Congress of promoting the progress of science and the arts is the limited grant of the patent monopoly in return for the full disclosure of the patented invention and its dedication to the public on the expiration of the patent.") (citations omitted).

A pronouncement by this Court clarifying the proper interpretation of patent claims would provide sorely needed guidance to the district courts. *See* Sanker, *supra*, at 117 ("The failure to address this issue and provide guidance to district courts will perpetuate the high reversal rate of district court decisions by the Federal Circuit"); Moore, *supra*, at 231 (noting growing concern surrounding "the lack of guidance" and resulting "considerable unpredictability" in claim construction cases). Moreover, setting forth a uniform claim construction methodology would enable the public to determine with reasonable certainty the scope of patent claims before litigation. Clear notice of patent claims is important because it promotes innovation, which furthers economic efficiency. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 730-31 (2002); *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 151 (1989).

II. THE FEDERAL CIRCUIT'S DICTIONARY RULE CONFLICTS WITH THIS COURT'S PRECEDENT

Under the guise of giving claim terms their "ordinary meaning," the Federal Circuit in the present case, and in scores

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Hermeneutics: Form and Substance in Claim Construction, 59 FLA. L. REV. 333, 374-75 (2007) (explaining that patentees may have incentives to use vague, ambiguous, or obscure language).

of other cases, has adopted broad dictionary definitions that often change the reasonably ascertainable meaning of claims. *See, e.g., Comark*, 156 F.3d at 1187; *Gemstar*, 383 F.3d at 1371-72. By granting patentees a broader claim scope than that taught by the disclosure, patent claims are no longer read "in view of the specification." This conflicts with historical practice and this Court's precedents regarding the use of the specification in the construction of patents. Using the specification as a check on a general dictionary definition minimizes the role of the specification in understanding the meaning of a claim term and eviscerates the *quid pro quo* contemplated by 35 U.S.C. §112 and the Constitution. At a minimum, when a claim term is susceptible to more than one claim construction, this Court's precedent dictates that the construction that best comports with the intrinsic evidence should be adopted.

This Court has long recognized that a patent, like any legal document, should be interpreted by looking to the document as a whole. *E.g., Markman*, 517 U.S. at 389 (citations omitted). ("It is a standard construction rule that a [patent] term can be defined only in a way that comports with instrument as a whole.") (citations omitted). From the very beginning of our patent system, the written specifications of patents have played a key role in the interpretation of patent scope. Indeed, claims were not even statutorily recognized until 1836. *Id.* at 379. Before this, judges read the specification in order to ascertain the scope of the invention. For example, the Court in *Hogg* v. *Emerson* stated:

> [W]hen we are called upon to decide the meaning of the patent included in these letters, it seems our duty not only to look for aid to the specification as a specification, which is customary, but as a schedule, made here an integral portion of the letters themselves, and going out with them to the world, at first, as a part and parcel of them, and for this purpose united together forever as identical.

Hogg, 47 U.S. at 483 (internal citation omitted).

When claims were used, they were not interpreted in isolation, but in the context provided by the specification. *See Brooks*, 56 U.S. at 215. Even after claims became statutorily required in 1870, the specification remained fundamentally important to the understanding of the scope of the invention. *E.g., Am. Fruit Growers*, 283 U.S. at 6 ("The claim of a patent must always be explained by and read in connection with the specification."); *Schriber-Schroth Co. v. Cleveland Trust Co.*, 311 U.S. 211, 217 (1940) ("The claims of a patent are always to be read or interpreted in the light of its specifications"); *Adams*, 383 U.S. at 49 ("[I]t is fundamental that claims are to be construed in the light of the specifications and both are to be read with a view to ascertaining the invention.").

In *Bates v. Coe*, 98 U.S. 31 (1878), this Court taught that

> the claims of the patent, like other provisions in writing, must be reasonably construed, and in case of doubt or ambiguity it is proper in all cases to refer back to the descriptive portions of the specification to aid in solving the doubt or in ascertaining the true intent and meaning of the language employed in the claims.

Bates, 98 U.S. at 38. Because patents, like other legal documents, should be interpreted by looking to the document as a whole, proposed definitions of a claim term based on evidence outside of the patent must "fully comport[] with the specification and claims and so will preserve the patent's internal coherence . . ." *Markman* 517 U.S. at 390.

Some Federal Circuit panels, however, presume that dictionary definitions "fully comport" with the specification even where the specification uses the claim term only in a narrower sense without indicating a broader sense, provided that the dictionary definition is not expressly rejected or contrary to the intended meaning. *See, e.g., Free Motion Fitness*, 423 F.3d at 1348; *Gemstar*, 383 F.3d at 1371-72 (Fed. Cir. 2004); *Housey*, 366 F.3d at 1352. This is precisely what the majority did in the present case. App. 14a. Under such a presumption,

silence is essentially construed as if the patentee had affirmatively described the broadened subject matter. Such a result is inconsistent with the *quid pro quo* concept upon which our patent system is based, because it is the patentee's responsibility to clearly describe and particularly claim its invention in exchange for the limited monopoly given as part of the patent grant. *See Merrill*, 94 U.S. at 573-74 ("it seems to us that nothing can be more just and fair, both to the patentee and the public, than that the former should understand, and correctly describe, just what he has invented, and for what he claims a patent.").

The Federal Circuit's practice of broadening patent claim scope beyond what the patentee described as his invention is also directly contrary to the precedents of this Court that hold that "when the [patent] claim is fairly susceptible of two constructions, that [construction] will be adopted which will preserve to the patentee his actual invention. . . ." *McClain*, 141 U.S. at 425; *Smith*, 294 U.S. at 14 (same). If there is any ambiguity pertaining to the interpretation of a claim term, it should be resolved in a manner that is the most consistent with the patent specification. After all, this Court recognizes that it is contrary to public policy to broaden patent claims beyond what the patentee actually invented. *Precision Instrument Mfg. Co. v. Automotive Maintenance Mach. Co.*, 324 U.S. 806, 816 (1945) ("The far-reaching social and economic consequences of a patent . . . give the public a paramount interest in seeing that patent monopolies... are kept within their legitimate scope."); *Mercoid v. Mid-Continent Investment Co.*, 320 U.S. 661, 666 (1944) ("The patent . . . is a privilege which is conditioned by a public purpose. It results from invention and is limited to the invention which it defines.").

Giving patentees a presumption of broader claim scope where no such scope was taught or contemplated unfairly benefits the patentee at the expense of public notice. Patentees are already protected against insubstantial changes to their claimed inventions by the doctrine of equivalents, which is

justified by the spirit of the patent laws. *See, e.g., Festo*, 535 U.S. at 732 (stating that while "[i]t is true that the doctrine of equivalents renders the scope of patents less certain," "this uncertainty [is] the price of ensuring the appropriate incentives for innovation."). Multiplying the zone of uncertainty by permitting expansion of the literal meaning of the chosen claim terms beyond the meaning ascertained in the context of the patent, however, is contrary to the spirit and letter of the patent laws.

III. THERE IS EXTENSIVE CONFLICT BETWEEN PANELS OF THE FEDERAL CIRCUIT

"Because the Federal Circuit has exclusive jurisdiction over appeals from all United States District Courts in patent litigation," the methodologies that it develops and applies regarding claim construction "is a matter of special importance to the entire Nation." *Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 89 (1993). Since *Phillips*, the use of varying claim construction methodologies by individual panels of the Federal Circuit has become a de facto intra-circuit split, making it virtually impossible for parties and district courts alike to know with reasonable certainty whether to stress the dictionary or the specification when construing a claim. Saunders, *supra*, at 236-237 (discussing post-Phillips claim construction methodologies and explaining that 35.8% of post-*Phillips* cases still based the "ordinary meaning" of a claim term on dictionary definitions). As described above, two distinctly competing lines of precedent continue to split the Federal Circuit's claim construction case law.

One line of cases, including the present case, essentially clings to the methodology of *Texas Digital*, which promoted looking first to the dictionary definition of a claim term for an "ordinary meaning" of the term, and then examining the patent and prosecution history only for evidence of a contrary meaning, *e.g.*, an express definition of the term or a rejection of the presumed "ordinary meaning." *See, e.g., Free Motion Fitness*, 423 F.3d at 1348-49; App. 12a-17a. Under this line of cases, a

patentee is entitled to a claim scope commensurate with the meaning of a claim term in a dictionary, even if a different but non-contradictory meaning is indicated from a reading of the patent documents. *See, e.g., Gemstar*, 383 F.3d at 1371-1372; *Rexnord*, 274 F.3d at 1342-43.

The competing line of cases looks first to the specification and other intrinsic evidence for the patentee's intended meaning. Upon finding an intended meaning, the patentee is not rewarded with a broader dictionary definition absent affirmative support in the specification. *See, e.g., Aquatex Indus., Inc. v. Techniche Solutions*, 419 F.3d 1374, 1380-82 (Fed. Cir. 2005); *Nystrom*, 424 F.3d at 1144-45. Under this line of cases, a patentee is entitled to claim scope no broader than the disclosed invention, even if a different but non-contradictory meaning is found in a dictionary. *See, e.g., Bell Atlantic Network Servs., Inc. v. Covad Commun. Group, Inc.*, 262 F.3d 1258, 1273 (Fed. Cir. 2001); *Netword L.L.C. v. Centraal Corp.*, 242 F.3d 1347, 1352 (Fed. Cir. 2001); *Renishaw PLC v. Marposs Societa' per Azioni*, 158 F.3d 1243, 1249-50 (Fed. Cir. 1998); *Housey*, 366 F.3d at 1356-58.

The continuing split, even post-*Phillips*, is best illustrated by an examination of *Nystrom* and *Free Motion Fitness*. In *Nystrom*, the claim term "board" was construed more narrowly than the dictionary allowed. The *Nystrom* Court explained that although some dictionaries define the term "board" as being broader than "a sawed piece of lumber," the patentee consistently used the term 'board' throughout the written description to describe wood decking material cut from a log. *Nystrom*, 424 F.3d at 1144. The patentee was therefore not entitled to a broader dictionary definition, which provided that a "board" could also be a similarly-shaped item made of a rigid material:

> What Phillips now counsels is that in the absence of something in the written description and/or prosecution history to provide explicit or implicit notice to the public—i.e., those of ordinary skill in the art—that the inventor intended a disputed term to cover more than

> the ordinary and customary meaning revealed by the context of the intrinsic record, it is improper to read the term to encompass a broader definition simply because it may be found in a dictionary, treatise, or other extrinsic source.

Id. at 1145.

Only two days later, a different panel took the opposite approach in *Free Motion Fitness*. There, the majority construed the term "adjacent" in accordance with the broader of two dictionary definitions because that definition was not explicitly disclaimed. The dissenting judge observed:

> The majority's reasoning appears to start with the broadest definition and consult the written description only to see if that definition is narrowed, rather than determining whether the specification discloses anything broader than the narrow definition ... The majority's approach, in my view, does not attempt to determine what the inventor actually invented, but rather takes the broadest available abstract meaning of a claim term that is not explicitly rejected by the specification. This approach allows the claim scope to extend beyond what the inventor's written description and claims show to be his actual invention.

Free Motion Fitness, 423 F.3d at 1355 (Prost, J., dissenting).

The present case and *Free Motion Fitness* also present a further split with *Athletic Alternatives*, which counsels that

> [w]here there is an equal choice between a broader and narrower meaning of a claim and there is an enabling disclosure that indicates that the applicant is at least entitled to a claim having the narrower meaning, we consider the notice function of the claim to be best served by the narrower meaning.

Athletic Alternatives, 73 F.3d at 1581. *Cf. McClain*, 141 U.S. at 425; *Smith*, 294 U.S. at 14. In the present case, the Federal

Circuit chose the broader meaning, without regard to the public notice function of the claims.

IV. THIS CASE IS A GOOD VEHICLE FOR RESOLVING THE QUESTION PRESENTED

If uniformity and public notice are to be realized, it is critical that this Court establish a coherent set of claim construction guidelines. Previous petitioners have bypassed this issue, instead requesting deferential review of district court claim constructions. *E.g., Phillips v AWH Corp.* (No. 05-602); *Amgen Inc. v. Hoechst Marion Roussel, Inc.* (No. 06-1291); *Memorex Prods., Inc. v. Sandisk Corp.* (No. 05-456); *Merck & Co. v. Teva Pharms. USA, Inc.* (No. 05-236). This case presents an opportunity to correct the underlying problem of claim construction – a lack of guidance as to how to properly construe a patent claim when faced with the increasingly common scenario where a broad dictionary definition encompasses scope not described in the patent.

This case presents an especially good factual and procedural scenario for addressing the appropriate claim construction methodology. The technology at issue is relatively straightforward. The patent discloses only one embodiment. Each party's proposed construction of "transverse" is supported by a dictionary definition: one broad, and one narrower. The specification expressly supports the narrower definition but is silent as to the broader definition. Resolution of the first Question Presented is outcome-determinative.

Procedurally, this case affords a perfect opportunity to address head-on the Federal Circuit's claim construction methodologies. The claim construction proceedings in this case were conducted in accordance with *Texas Digital*'s dictionary-first methodology. Reconsideration of the claim construction was denied due to the *en banc* Federal Circuit's statements based on *Phillips* permitting the continued use of dictionaries, despite overruling *Texas Digital*. The majority below affirmed the district court's claim construction under the auspices of relying

on *Phillips*, while the dissent disagreed with the claim construction, also citing to *Phillips*. This Court's intervention will help resolve the confusion foisted upon the patent bar by *Phillips* and its progeny.

V. A GVR ORDER IS APPROPRIATE IN THIS CASE

At a minimum, Stryker requests that the Court grant a writ of certiorari and vacate and remand ("GVR") the case to the Federal Circuit for review of the willfulness finding and subsequent enhancement of damages in light of its recent *en banc* decision in *In re Seagate Technology, LLC*, Misc. Docket No. 830, __ F.3d __, 2007 U.S. App. LEXIS 19768 (Fed. Cir. August 20, 2007) (*en banc*).

In *Lawrence v. Chater*, 516 U.S. 163 (1996), this Court confirmed "both that we have the power to issue a GVR order, and that such an order is an appropriate exercise of our discretionary certiorari jurisdiction." *Lawrence*, 516 U.S. at 166. 28 U.S.C. §2106 confers upon this Court a broad power to "vacate...any judgment, decree or order of a court lawfully brought before it for review, and may remand the cause and . . . require such further proceedings to be had as may be just under the circumstances." *Id.* In particular,

> [w]here intervening developments, or recent developments that we have reason to believe the court below did not fully consider, reveal a reasonable probability that the decision below rests upon a premise that the lower court would reject if given the opportunity for further consideration, and where it appears that such a redetermination may determine the ultimate outcome of the litigation, a GVR order is, we believe, potentially appropriate.

Lawrence, 516 U.S. at 167-168.

This case clearly meets the Court's GVR standard because relevant intervening post-appeal precedent has dramatically changed the standard of proof for willful infringement. This Court GVR's in light of a wide range of developments, including

Supreme Court decisions, state supreme court decisions, and the like. *Id.* at 166-167. Since the Federal Circuit has exclusive jurisdiction over patent appeals, an *en banc* decision changing substantive patent law is akin to an intervening state supreme court decision.

The Federal Circuit has long held that where a potential infringer has actual notice of another's patent rights, "he has an affirmative duty to exercise due care to determine whether or not he is infringing." *Underwater Devices, Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1389 (Fed. Cir. 1983). "Such affirmative duty includes, inter alia, the duty to seek and obtain competent legal advice from counsel before the initiation of any possible infringing activities." *Id.* at 1389-90. Thus, *Underwater* shifted the burden to the accused infringer to prove the reasonableness of its conduct. Once willfulness is found, courts may enhance damages up to three times the amount. 35 U.S.C. §284 (2007).

On August 20, 2007, the Federal Circuit issued an *en banc* decision abolishing the duty of due care standard. The Federal Circuit recognized that, contrary to Supreme Court precedent that defines "willful" as "actions in reckless disregard of the law," the duty of care announced in *Underwater Devices* "sets a lower threshold for willful infringement that is more akin to negligence." *Seagate*, __ F.3d at __, 2007 U.S. App. LEXIS 19768, at *21.

In particular, *Seagate* overruled the Federal Circuit's longstanding duty of due care standard for willfulness that was applied in this case, finding that the overruled standard "allows for punitive damages in a manner inconsistent with Supreme Court precedent." *Id.* at *22 (*citing Safeco Ins. Co. of Am. v. Burr*, 127 S.Ct. 2201, 2208-10 (2007); *Smith v. Wade*, 461 U.S. 30, 39-49 (1983)). Indeed, the low standard for willfulness applied in the present case resulted not only in a finding of willfulness, but also an enhancement of damages.

The *en banc* Federal Circuit held that "proof of willful infringement permitting enhanced damages requires at least a showing of objective recklessness." *Id.* Under this new standard of proof, "a patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent." *Id.* at *22-23. "The state of mind of the accused infringer is not relevant to this objective inquiry. If this threshold objective standard is satisfied, the patentee must also demonstrate that this objectively-defined risk (determined by the record developed in the infringement proceeding) was either known or so obvious that it should have been known to the accused infringer." *Id.* at *23.

Judge Gajarsa, in a detailed concurrence, agreed that the willfulness standard should follow this Court's analysis in *Safeco*. Under *Safeco*, Judge Gajarsa explained that a finding of willfulness under the new "objectively reckless" standard requires a showing, "by clear and convincing evidence, that (1) [the accused infringer's] theory of noninfringement/ invalidity was not only incorrect, but was objectively unreasonable, and (2) [the accused infringer] ran a risk of infringing substantially greater than the risk associated with a theory of noninfringement/ invalidity that was merely careless." *Id.* at *60 (Gajarsa, J., concurring).

In the present case, the now-defunct "duty of due care" standard was applied. Even under this lower threshold, the District Court specifically noted that the case was close on liability and willfulness. App. 63a. The Federal Circuit's split decision on liability and stay of the permanent injunction evidences the closeness of the liability case. App. 1a-36a; 38a-40a. Stryker obtained a detailed clearance opinion from patent counsel before it began selling the accused devices. App. 20a-21a. Similarly, the prior art relied upon by Stryker in its invalidity case was later used by a third party, Smith & Nephew LLC, in its request for reexamination of the patent-in-suit, and has formed the basis of the rejection of substantially all of the

asserted claims in the U.S. Patent Office's pending reexamination of the patent-in-suit. These factors alone demonstrate that a finding of objective recklessness is not possible in this close case. While ultimately unsuccessful, Stryker's noninfringement and invalidity defenses were objectively reasonable as demonstrated by the statements and actions of the district court, Federal Circuit, and U.S. Patent Office.

A remand and likely reversal of the willfulness finding would require a vacatur of the award of enhanced damages. Moreover, the underlying case is still pending before the district court on a remand from the Federal Circuit's vacation of the permanent injunction in view of this Court's decision in *eBay, Inc. v. MercExchange LLC*, 126 S.Ct. 1837 (2006). Respondent's motion for permanent injunction relies heavily on the "willfulness" of Stryker's infringement. Respondent subsequently filed a motion for double damages on Stryker's post-verdict sales (made in accordance with the Federal Circuit's stay of the injunction and subsequent vacation of the permanent injunction) based on the underlying willfulness finding. Since the Federal Circuit now acknowledges that the willfulness standard applied here conflicts with the higher "recklessness" standard required by this Court, it would be unfair to allow Stryker to continue to suffer the consequences from the unjustified finding of willfulness in this close case. A GVR order in this close case is appropriate.

CONCLUSION

For all of the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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